

2590185

**DOMNICK HUNTER NIHON LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 1999**



# **DOMNICK HUNTER NIHON LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999**

The directors present their report together with the audited accounts of the Company for the year ended 31 December 1999.

### **REGISTERED NUMBER**

The Company's registered number is 2590185

### **REVIEW OF THE BUSINESS**

The Company continued to operate a branch in Japan to provide technical advisory services to the users of filtration and purification products in Japan plus after sales service.

### **RESULTS AND DIVIDENDS**

The profit on ordinary activities after taxation for the year was £55,561 (1998 - £34,336). The directors do not propose payment of a dividend (1998 - £Nil).

### **DIRECTORS AND THEIR INTERESTS**

C T Billiet	
B D Wallace	- resigned 16 June 1999
SP Vaughan	
CJ Gill	- appointed 16 June 1999

CT Billiet and CJ Gill are directors of domnick hunter group plc, the Company's ultimate parent undertaking, and their interests in the shares of that company are disclosed in the accounts of domnick hunter group plc.

Details of the interests of SP Vaughan in the shares of the ultimate holding company, domnick hunter group plc, requiring disclosure in these accounts are as follows:

	<u>Ordinary shares of 5p</u>	<u>Share options over Ordinary shares of 5p</u>
At 1 January 1999	80,000	100,000
Purchased during the period	<u>8,625</u>	<u>-</u>
31 December 1999	<u>88,625</u>	<u>100,000</u>

The options are held under the domnick hunter group plc 1997 Executive Share Option Scheme, details of which are disclosed in the accounts of domnick hunter group plc.

# **DOMNICK HUNTER NIHON LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999 (continued)**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

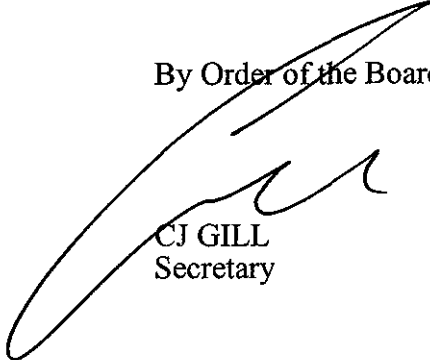
The directors confirm that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31 December 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

### **AUDITORS**

The auditors, PricewaterhouseCoopers, are willing to continue in office and resolutions as to their re-appointment and remuneration will be proposed at the Annual General Meeting.

By Order of the Board



CJ GILL  
Secretary

29 February 2000

## **AUDITORS' REPORT TO THE SHAREHOLDERS OF DOMNICK HUNTER NIHON LIMITED**

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report including as described on page 2 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

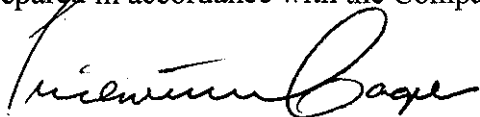
### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PRICEWATERHOUSECOOPERS**

Chartered Accountants  
and Registered Auditors

29 February 2000

**DOMNICK HUNTER NIHON LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1999**

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
<b>TURNOVER</b>	2	431,300	331,083
<b>COST OF SALES</b>		(411,096)	(313,464)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		20,204	17,619
Administrative expenses		45,518	38,898
		<hr/>	<hr/>
<b>OPERATING PROFIT/(LOSS)</b>	3	65,722	56,517
Interest payable	4	-	(622)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		65,722	55,895
Tax on profit on ordinary activities	5	(10,161)	(21,559)
		<hr/>	<hr/>
<b>RETAINED PROFIT TRANSFERRED TO RESERVES</b>	10	£55,561	£34,336
		<hr/> <hr/>	<hr/> <hr/>

The Company has no recognised gains or losses other than profit for the year, hence a statement of total recognised gains and losses has not been prepared.

Turnover and operating profit relate entirely to continuing operations.

There is no material difference between reported losses and historical cost losses.

**DOMNICK HUNTER NIHON LIMITED****BALANCE SHEET AS AT 31 DECEMBER 1999**

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
<b>FIXED ASSETS</b>			
Tangible assets	6	35,730	31,788
<b>CURRENT ASSETS</b>			
Debtors	7	285,635	185,848
<b>CREDITORS: amounts falling due Within one year</b>	8	(253,996)	(205,828)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		31,639	(19,980)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>£67,369</u>	<u>£11,808</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	9	2	2
Profit and loss account	10	67,367	11,806
<b>EQUITY SHAREHOLDERS' FUNDS</b>	11	<u>£67,369</u>	<u>£11,808</u>

The financial statements on pages 4 to 9 were approved by the board on 29 February 2000 and signed on its behalf by:



CJ GILL  
Director

# **DOMNICK HUNTER NIHON LIMITED**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1999**

### **1 ACCOUNTING POLICIES**

#### **(1) Accounting convention**

These accounts comply with UK accounting standards and are prepared under the historical cost convention.

#### **(2) Depreciation**

The cost of fixed assets is depreciated over the expected useful lives of the assets as follows:

Office equipment	32% reducing balance
Short leasehold property	over the period of the lease

#### **(3) Deferred taxation**

No provision is made for deferred taxation unless there is a reasonable probability that such taxation will become payable in the foreseeable future.

#### **(4) Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the year end, and translation differences are dealt with in the profit and loss account.

#### **(5) Cash flow statement**

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary of domnick hunter group plc and its cash flows are included within the consolidated cash flow statement of that company.

#### **(6) Operating leases**

Operating lease rentals are charged to the profit and loss account when incurred.

### **2 TURNOVER**

Turnover comprises income under a service agreement between Domnick Hunter Nihon Branch Office and Domnick Hunter Limited.

### **3 OPERATING PROFIT**

Operating profit is stated after charging:

	<u>1999</u>	<u>1998</u>
Depreciation on tangible fixed assets	£7,049	£1,082
Auditors' remuneration – non-audit	£14,826	£12,755
Operating lease rentals	£40,000	£35,000
Exchange gains	<u>£52,842</u>	<u>£44,734</u>

**DOMNICK HUNTER NIHON LIMITED**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1999 (continued)**

**4 INTEREST PAYABLE**

	<u>1999</u>	<u>1998</u>
Interest on late payment of taxes	<u>£-</u>	<u>£622</u>

**5 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<u>1999</u>	<u>1998</u>
UK Corporation tax at 30% (1998 – 31%):		
Current year	24,982	17,685
Prior year	(14,821)	3,874
	<u>          </u>	<u>          </u>
	£10,161	£21,559
	<u>          </u>	<u>          </u>

**6 TANGIBLE FIXED ASSETS**

	<u>Short leasehold property</u>	<u>Office Equipment</u>	<u>Total</u>
<b><u>Cost</u></b>			
At 1 January 1999	34,509	4,930	39,439
Additions	-	8,325	8,325
Exchange movement	5,300	335	5,635
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 1999	39,809	13,590	53,399
	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>Depreciation</u></b>			
At 1 January 1999	4,467	3,184	7,651
Charge for the year	6,265	784	7,049
Exchange difference	2,105	864	2,969
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 1999	12,837	4,832	17,669
	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>Net book amount</u></b>			
At 31 December 1999	£26,972	£8,758	£35,730
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 1998	£30,042	£1,746	£31,788
	<u>          </u>	<u>          </u>	<u>          </u>

**7 DEBTORS**

	<u>1999</u>	<u>1998</u>
Prepayments	9,867	8,104
Other debtors	10,769	3,117
Amounts owed by group undertakings	264,999	159,987
Group relief receivable	-	14,640
	<u>          </u>	<u>          </u>
	£285,635	£185,848
	<u>          </u>	<u>          </u>



**DOMNICK HUNTER NIHON LIMITED**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1999 (continued)**

**8 CREDITORS - amounts falling due within one year**

	<u>1999</u>	<u>1998</u>
Bank overdraft	229,269	175,988
Accruals	14,564	12,155
UK corporation taxes payable	10,163	17,685
	<hr/>	<hr/>
	£253,996	£205,828
	<hr/>	<hr/>

**9 CALLED UP EQUITY SHARE CAPITAL**

	<u>1999</u>	<u>1998</u>
<u>Authorised</u>		
Ordinary shares of £1 each	£100	£100
	<hr/>	<hr/>
<u>Allotted and fully paid</u>		
Ordinary shares of £1 each	£2	£2
	<hr/>	<hr/>

**10 PROFIT AND LOSS ACCOUNT**

Balance at 1 January 1999	11,806
Retained profit for the year	55,561
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Balance at 31 December 1999	£67,367
	<hr/>

**11 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	<u>1999</u>	<u>1998</u>
Profit for the financial year	55,561	34,336
Opening shareholders' funds	11,808	(22,528)
	<hr/>	<hr/>
Closing shareholders' funds	£67,369	£11,808
	<hr/>	<hr/>

# DOMNICK HUNTER NIHON LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1999 (continued)

### 12 CONTINGENT LIABILITIES

The Company has given a cross guarantee on the obligations by a fellow subsidiary under a facilities agreement with the Group's bankers. At 18 February 2000 this balance was £1,947,000 (1998 £1,558,000).

### 13 ULTIMATE HOLDING COMPANY

The company's parent undertaking and ultimate holding company is domnick hunter group plc, a company incorporated in Great Britain. Copies of the accounts of that company can be obtained from domnick hunter group plc, Durham Road, Birtley, DH3 2SF.

Transactions with other companies within the group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard No.8 "Related Party Disclosures". The consolidated accounts of domnick hunter group plc, in which the Company is included, are publicly available at the address noted above.

The directors of the ultimate parent undertaking have indicated that they will provide sufficient finance to enable the Company to meet its liabilities as they fall due.

### 14 OPERATING LEASE COMMITMENTS

Commitments due within one year for which provision has not been made are:

	<u>1999</u>	<u>1998</u>
Land and buildings	£40,000	£35,000
	=====	=====
Expiring:		
In five years or more	£40,000	£35,000
	=====	=====